

The following is our understanding of Idaho Code 33-1019 - Allocation for School Building Maintenance Required. For purposes of this document, school district means a school district or public charter school. If you have further questions, please contact Julie Oberle at 332-6842 or jaoberle@sde.idaho.gov.

Summary of Idaho Code 33-1019

During the 2006 Legislative Session, House Bill 743 created Idaho Code 33-1019 to ensure students attend school in safe facilities. Idaho Code 33-1019 created a School Facilities Maintenance Fund and required school districts to set aside two percent of the replacement value of school buildings into a school building maintenance fund each year.

During the 2007 Legislative Session, House Bill 183 amended Idaho Code 33-1019. The changes were retroactive to July 1, 2006.

Changes to Idaho Code 33-1019 during the 2007 Legislative Session (House Bill 183)

What changed in Idaho Code 33-1019 (House Bill 743) during the 2007 Legislative Session?

There were several changes to Idaho Code 33-1019 during the 2007 Legislative Session. These changes can be found in House Bill 183. Some of the changes include:

- School districts no longer have to *deposit* their two percent allocation for school building maintenance and repairs to a school building maintenance fund. Instead, school districts must now *allocate* moneys for school building maintenance and repairs equal to two percent of the replacement value of their student occupied buildings. (Revised language in House Bill 183.)
- Any school district expending more than four percent of the replacement value of school buildings for qualified maintenance and repairs in any single fiscal year, beginning with fiscal year 2005, may apply the excess as a credit against the two percent requirement of this section until such credit is depleted or fifteen years have expired. (New language in House Bill 183.)
- Moneys allocated for school building maintenance shall be used exclusively for the maintenance and repair of school buildings *or any serious or imminent safety hazard on the property of said school buildings as identified pursuant to chapter 80, title 39, Idaho Code*. (Italicized text is new language in House Bill 183.)
- If expenditures for school building maintenance and repairs don't equal the two percent allocation, the unexpended portion of the allocated moneys must be carried forward and remain allocated for the purposes of Idaho Code 33-1019(3). (New language in House Bill 183.)
- School buildings that are less than one year old on the first day of school shall not be used in the replacement value calculation. (New language in House Bill 183.)

Allocation of School Facility Maintenance and Repair Funds/Accounting Changes

I thought we had to set up specific funds to comply with House Bill 743...

Prior to being amended by House Bill 183, House Bill 743 required that school districts annually deposit to a *school building maintenance fund* moneys equal to at least two percent of the replacement value of school buildings, less the deposit of lottery dollars and any state match dollars the district may have received. As there was no school building maintenance fund in IFARMS, two new funds were created, Fund 240 and Fund 430. Fund 240 became the School Building Maintenance (Student Occupied) Fund and Fund 430 became the Plant Facilities - School Building Maintenance (Student Occupied) Fund.

House Bill 183 eliminated the requirement to deposit funds to a school building maintenance fund. Instead, school districts are now required to allocate moneys equal to at least two percent of the replacement value of school buildings.

Are there certain function/program codes we should be using?

Yes. It is important to be able to track your spending on qualified maintenance and repairs. To accomplish this, we have added two new Function/Program codes and revised two others.

The two new Function/Program codes include:

Function/Program code 663 - Maintenance – Non-Student-Occupied Buildings.

Function/Program code 811 – Capital Assets Program – Non-Student-Occupied Buildings

The two revised Function/Program Codes include:

Function/Program code 664 – Student Occupied Maintenance – Buildings

Function/Program code 810 – Capital Assets Program – Student-Occupied Buildings

Function/Program codes 664 and 810 should only be used for qualifying maintenance and repairs to student-occupied buildings. If a non-qualifying repair is done, or the building is not student-occupied, please use Function/Program codes 663 and 811.

Should we be using a specific revenue code when recording our lottery and state match dollars?

Yes. Revenue code 437000 – Lottery/Additional State Maintenance should be used to record the deposit of lottery dollars and any additional state match received by the school district. This is a new revenue code.

Do we need to keep Plant Facilities – Lottery Fund 425 in our accounting system?

Probably. A few districts will receive lottery dollars in excess of the state match requirement. For those districts, the “excess” funds should be deposited to your existing lottery fund (fund 420 or 425 for most school districts).

Because House Bill 183 eliminated the need to deposit funds to a specific school building maintenance fund, school districts can now choose where they deposit both their lottery moneys and additional state match.

Do we still need a Fund 240?

That is up to you. House Bill 183 eliminated the requirement to deposit funds directly into a school facility maintenance fund. If you do not expend the full two percent of your allocation, you might consider keeping Fund 240 or Fund 430. The unexpended allocated dollars (the difference between your two percent allocation and what you actually spent) must be carried forward and reserved for qualified expenditures in future years. This reserved fund balance can be in any governmental fund. By placing the reserved fund balance into Fund 240, it is easily identifiable to your financial report users that these dollars are only for school facility maintenance and repairs.

Carry Forward of Excess Expenditures

If I spend more than two percent on qualifying maintenance and repairs, can I use the “extra” expenditures to reduce my allocation for the following year?

Maybe. Idaho Code 33-1019 allows any school district expending more than four percent of the replacement value of school buildings for school building maintenance in any single fiscal year may apply the excess as a credit against the two percent requirement until such credit is depleted or fifteen years have expired.

If my two percent allocation was \$300,000 for FY07 and I spent \$700,000 on qualifying repairs, how much can I carry forward to reduce my FY08 required allocation? (My student-occupied square footage is 187,500 square feet.)

You may carry forward \$100,000. To determine your carry forward amount, you have to first determine your four percent “floor”. To do this, you multiply the replacement value of your student occupied buildings [square footage (187,500) x replacement value (\$80 in FY07) = \$15,000,000] by four percent. For FY07, your “floor” would be \$600,000 (\$15,000,000 x 4%). Any qualifying expenditures over \$600,000 may be carried forward for up to fifteen years.

Do I have to use the carry forward amount the next year?

No. You may carry forward the amount for up to fifteen years.

My district spent a lot of money on qualifying maintenance in FY06. Now I don’t have much in qualifying expenditures for FY07. What can I do?

Idaho Code 33-1019 allows you to look at your qualifying expenditures in FY05 and FY06 and carry forward any “excess” expenditures for up to fifteen years. To determine your four percent “floor” for years prior to FY07, you must first calculate the replacement value of student occupied buildings. If you have had no building additions or deletions, use the square footage submitted to the SDE for FY07. If your square footage was different in FY05 or FY06, determine the appropriate square footage amount and multiply by \$80. Multiply the replacement value for that fiscal year by four percent,

and that is your “floor”. Any expenditures over “floor” may be carried forward to reduce the required allocation in future years.

Carry Forward of Unspent Allocated Dollars

Our two percent allocation requirement was \$300,000, but we only spent \$250,000 on qualifying expenditures. What happens now?

You must reserve \$50,000 for future qualifying repairs and maintenance. Idaho Code 33-1019 requires that allocated dollars that weren’t expended during the fiscal year remain allocated for the school facility repairs and maintenance and be carried forward into the next fiscal year. These funds must remain allocated for qualifying repairs and maintenance.

Can I use the allocated moneys from the prior fiscal year that I carried forward to reduce my two percent requirement this fiscal year?

No. Idaho Code 33-1019 requires school districts *annually* allocate moneys for school building maintenance an amount equal to at least two percent of the replacement value of school buildings. This allocation may not include moneys allocated but not spent in prior years.

Should we reserve the unspent funds in any particular fund?

That is up to you. House Bill 183 eliminated the requirement to deposit funds directly into a school facility maintenance fund. If you do not expend the full two percent of your allocation, you might consider keeping Fund 240 or Fund 430. The unexpended allocated dollars (the difference between your two percent allocation and what you actually spent) must be carried forward and reserved for qualified expenditures in future years. This reserved fund balance can be in any governmental fund. By placing the reserved fund balance into Fund 240, it is easily identifiable to your financial report users that these dollars are only for school facility maintenance and repairs.

Is there a specific time frame whereby I have to reserve unspent allocated dollars?

The funds must be reserved by June 30 of that fiscal year.

Serious and Imminent Safety Hazards

What is a serious or imminent safety hazard?

Idaho code 39-8004 defines a serious safety hazard as a condition that presents an unreasonable health risk or risk of injury to occupants of a building. That same code section defines an imminent safety hazard as a condition that presents an unreasonable risk of death or serious bodily injury to occupants of a building.

How is a serious or imminent safety hazard identified?

There are two ways serious and/or imminent safety hazards are identified. The first is during your annual school safety inspection conducted by the Division of Building Safety. The second is from a phone call, letter, etc. notifying the Division of Building Safety of a problem at a school. The Division of Building Safety will then review the situation and, if necessary, contract with a licensed professional to independently evaluate the condition. Once the condition has been evaluated, a report is given to the Division of Building Safety classifying the severity of the problem. The Division of Building Safety then works with the local school board and superintendent to remedy the problem. Historically, very few problems have been classified as serious or imminent. Please see Idaho Code 33-8008 for further information on school building safety inspections.

Why can't my school board declare a problem to be a serious or imminent safety hazard?

Idaho Code 33-1019 specifically states that serious or imminent safety hazards on the property must have been so identified pursuant to chapter 80, title 39, Idaho Code. This section of Idaho Code states that the administrator of the Division of Building Safety will be responsible for identifying hazards. If your school board believes a serious or imminent safety hazard exists, they should immediately contact the Division of Building Safety.

Calculation of Square Footage**How do we calculate our square footage?**

Each school district is responsible for determining its square footage for student-occupied buildings. All school buildings that are owned or leased through a lease purchase agreement and are regularly occupied by students must have their square footage included. If *any* portion of a building is occupied by students, the square footage for the entire building must be included.

Who do we send the square footage information to?

Garry Lough, SDE Legislative Policy, will be working with school districts on the collection of square footage data. He can be reached at 332-6853 or GVLough@sde.idaho.gov.

We are building a new school that will be occupied by students when it is completed. We hope to be done by January. Do we include the estimated square footage in our total reported to the SDE?

No. Only student-occupied square footage in buildings older than one year on the first day of school should be included. (This is a change from the original House Bill 743.)

We included the square footage of a new building that was less than one year old on the first day of school in FY07. Now that Idaho Code 33-1019 has been revised, we need to correct the square footage in our report sent to the SDE. How do we make this correction?

Email School Finance (tdhill@sde.idaho.gov or jaoberle@sde.idaho.gov) with the corrected square footage. Once we receive your correct square footage, the additional state match payment calculation will be revised and any overpayment you received will need to be refunded to the SDE.

Do we have to include the square footage of our bus barn? We only have one shop class in that building.

Yes. Since the building is regularly occupied by students attending shop class, the entire square footage of the bus barn must be included.

We have a concession stand in our football stadium. Concessions are sold by student groups and their parents as a fundraiser. Do we need to include that square footage in our student occupied total we report to you?

No. The building is not being used for academic purposes.

Additional State Match/Lottery Moneys

Will we receive money in addition to the lottery payment we receive in August?

Probably. Section 8 of House Bill 743 explains the allocation of additional state moneys if lottery funds are insufficient to meet the state funding requirements of this section. It states: Annually, the state will provide funds to be deposited in the school building maintenance fund as follows:

- (a) Divide one (1) by your school district's value index for the fiscal year (calculated each August by SDE)
- (b) Multiply the result by ½ of one percent (0.5%) of the replacement value of school buildings (student-occupied square footage multiplied by \$80)
- (c) This amount is then compared to your lottery distribution. If your lottery distribution is larger than this calculated dollar amount, you will receive no additional state match. If the amount calculated in (b) above is greater than your lottery distribution, the difference is your "additional" state match and will be distributed by the SDE to your school district or charter school.

When will this additional money be distributed to qualifying districts?

A specific date was not included in House Bill 743. To calculate the distribution amount, we need to know the amount of lottery dollars paid to each school district and the Bond Levy Equalization index for each school district. Both of these factors are available by late August, so payment of the additional money should be made shortly thereafter.

Where will we deposit the lottery payment and the additional state match money?

This money, plus the balance to satisfy the two percent match requirement, should be deposited using revenue code 437000. You may choose the fund. We believe many

school districts will use Fund 425 - Plant Facilities-Lottery. You are not required to use Fund 240 / Fund 430 as was required in the original House Bill 743.

Are you saying we can now spend lottery dollars for repairs and maintenance?

Yes. Idaho Code 33-905 states that lottery payments shall be used by the school district for the purposes authorized in section 33-1019, Idaho Code, up to the level of state match so required. Any payments in excess of the state match requirement may be used for the purposes authorized in section 33-1102, Idaho Code (Purposes of a Bond).

Do all of our lottery dollars have to be used for school facilities maintenance?

Probably. Very few school districts will receive lottery dollars in excess of the required state match. If you receive lottery dollars in excess of the required state match, the SDE will assist you in determining how much “excess” money you received. Dollars received in excess of the required state match may only be used for purposes that a bond is passed (33-1102, Idaho Code).

What is the BLE Value Index? How do I determine my BLE Value Index?

The Bond Levy Equalization (BLE) Value Index is a ratio calculated by the SDE, as required by Idaho Code 33-906B, to provide a subsidy to school districts passing bond issues after September 15, 2002. The subsidy is based on a formula that provides a subsidy to school districts that decreases as the fiscal abilities of school districts increases. The three factors that determine fiscal ability are: the adjusted market value per support unit (50%), the county unemployment rate (25%), and the county per capita income (25%). For purposes of this calculation, charter schools are assigned a value index of one (1) (Idaho Code, Section 33-1019).

This calculation is made by the SDE and will be made available to school districts each year in September.

Spending the money...

Is there a specific date that we must make the two percent (2%) transfer?

No. This transfer is no longer necessary. House Bill 183 eliminated the need to transfer funds equaling two percent of the replacement value of school buildings into a school maintenance fund. Now, school districts must “allocate” funds equal to two percent of the replacement value of student-occupied buildings for school building maintenance and repairs.

Now that we’ve allocated two percent for school building maintenance and repair, what can we spend it on?

Section 8 of House Bill 743 requires the moneys in the school district’s school building maintenance fund be used exclusively for the maintenance and repair of school buildings. It states further that the money shall be utilized first to abate serious or imminent safety hazards as identified pursuant to chapter 80, title 39 of Idaho Code. With House Bill 183,

school districts may also use these funds for repairs of any serious or imminent safety hazard on the school's property.

If you have no serious or imminent safety hazards, the money may be expended for the general maintenance and repair of student-occupied school buildings.

Should the custodians be coded to the new function code 664 – Maintenance of Student-Occupied Buildings?

That depends. If the custodians are performing custodial type duties, then no, their time should be coded to function code 661 – Buildings – Care Program (Custodial). However, if the custodians are also performing maintenance duties at student-occupied buildings, then that portion of their time spent on maintenance activities can be coded to function code 664.

How do we know if an activity should be classified as Custodial or Maintenance?

The IFARMS manual describes *Custodial* as the programs concerned with the daily custodial needs and the utility services for all school buildings in the district.

Maintenance is described as the activities concerned with the physical maintenance of buildings in the school, i.e. the annual repairs, modifications, and improvements necessary to provide safe facilities and equipment for the school programs.

The National Center for Educational Statistics further defines maintenance as those activities associated with keeping buildings at an acceptable level of efficiency through repairs and preventative maintenance.

Perhaps a further test would be to determine what the activity is accomplishing. If it is satisfying a daily need, it is custodial. If it is an activity that is performed on a seldom or infrequent basis, it is preventative maintenance.

We've never used our lottery money for salaries before. Are you saying we can now do so?

Yes, for that portion of your lottery dollars required to be expended on school building maintenance and repairs. Any "excess" lottery dollars received above the amount required for state match can only be expended for the purposes authorized in section 33-1102 of Idaho Code.

We believe our sidewalks, parking lot, and our outdoor bleachers have serious safety issues. Can we use the School Building Maintenance money for these repairs?

Maybe. The safety issues must first be declared by the Division of Building Safety to be serious or imminent safety hazards. Once you have received this declaration, repairs to fix the serious or imminent safety hazard on the property of the school are qualified expenditures and should be coded to either Function Code 664 or 810.

If, after a review by the Division Building Safety, the safety issues are not declared to be serious or imminent safety hazards, expenditures to correct the issues would not be qualifying school facility maintenance and repair expenditures.

We have a covered seating area attached to the building. Can we use School Building Maintenance money for maintenance and repairs?

Maybe. Since the seating area is not within the four walls of a building, the expenditures could qualify if the repairs are necessary to correct a serious or imminent safety hazard identified by the Division of Building Safety.

Can we use School Building Maintenance money for repairs to our playground equipment and grounds? Students use those during recess and lunch.

Maybe. If the repairs are necessary to correct a serious or imminent safety hazard identified by the Division of Building Safety, then the expenditures would qualify.

Can we use School Building Maintenance money for the salary and benefits of our technology person, who is responsible for maintaining the technology related wiring within our schools?

No. This type of “maintenance” does not qualify as the maintenance and repair of school buildings.

Can we use School Building Maintenance money for repairs to equipment inside the building? We have boilers and air-conditioning units needing repair.

Yes. Repairs and maintenance to equipment within student-occupied buildings are eligible expenditures.

Can we use School Building Maintenance money for repairs to equipment located in a non-student occupied building that is essential to the operation of a student-occupied building? Our boiler is located in a separate building.

Yes.

99% of our maintenance workers’ time is spent on student-occupied buildings. Is it reasonable to code all of their time to function code 664, Maintenance – Buildings and Equipment (student occupied), knowing if a major project comes up for a non-student-occupied building, then that time will be coded to function code 663, Maintenance – Buildings and Equipment (non-student occupied)?

Yes.

Can we use Fund 240 money for the travel expenditures of our maintenance workers as they travel from building to building? Some of our buildings are thirty or more miles apart.

Yes. If the travel expenditures are necessary and directly related to maintenance workers performing their job duties, we believe a school district could reasonably code these expenditures to function 664.

Can we use Fund 240 dollars for the training of our maintenance workers? How about for their training seminars?

Most likely, yes. If the expenditures are reasonable and necessary for the maintenance workers to perform their job duties, the expenditures are allowable.

Can we record revenues and expenditures in Fund 240?

Yes. Repair and maintenance expenditures may be expended from any governmental fund.

Other Questions

We just passed a bond to build new schools and to cover maintenance projects of existing school buildings for the next several years. Can I include the bond's maintenance portion towards meeting the two percent requirement?

Yes. Idaho Code 33-1019 no longer requires the deposit of funds equal to two percent of the replacement value of student-occupied buildings into a school building maintenance fund. Any qualifying expenditures coded to Function/Program Code 664 or 810 will "count" towards the two percent requirement.

We used a municipal financing lease to replace roofs and fund major maintenance concerns for student-occupied buildings. Can we use School Facility Maintenance Funds to pay the lease payments?

No. Only qualifying expenditures coded to Function/Program Code 664 or 810 will qualify towards satisfying the two percent match requirement.

We have a cash balance at June 30, 2006, in our Plant Facilities – Lottery Fund 425. Can we expend these funds on qualifying school facility maintenance and repairs?

Yes.

Can School facility maintenance and repair dollars be used to purchase or rent modular classroom if overcrowding is a documented safety issue by the Department of Building Safety?

No. Idaho Code 33-1019 (3) states the moneys in the school building maintenance fund shall be used exclusively for the maintenance and repair of student-occupied school buildings.